



STEVE COOLEY
LOS ANGELES COUNTY DISTRICT ATTORNEY

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January 12, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 17th YEAR GRANT FUNDS
FROM THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE
(CDI) FOR THE AUTOMOBILE INSURANCE FRAUD (AIF) PROGRAM
FOR FISCAL YEAR (FY) 2009-10
(ALL DISTRICTS) (4-VOTES)**

SUBJECT

The Automobile Insurance Fraud (AIF) Program supports enhanced investigation and prosecution of organized automobile insurance fraud activity. The District Attorney is requesting approval to accept grant funds in the amount of \$5,442,000 for FY 2009-10.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the attached Resolution authorizing the District Attorney to accept grant funds for the AIF Program from the State of California, Department of Insurance (CDI). Funds in the amount of \$5,442,000 have been awarded for the period of July 1, 2009 to June 30, 2010. The amount represents the FY 2009-10 grant award of \$5,115,000 and \$327,000 in carryover funds approved by CDI from FY 2008-09. There is no required County match for this grant.
2. Authorize the District Attorney to execute the Grant Award Agreement (GAA) on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as Project Director and to sign and approve any revisions to the GAA that do not increase the Net County Cost of the Agreement.

4. Approve an appropriation adjustment to increase the District Attorney's budget in the amount of \$1,272,000 (Salaries and Employee Benefits - \$945,000; Services and Supplies - \$327,000) for FY 2009-10. This amount represents the difference between the grant award of \$5,442,000, and the \$4,170,000 that was included in the District Attorney's FY 2009-10 Final Adopted Budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On July 3, 2009, the District Attorney's Office (DA) submitted an application to CDI for the AIF Program in FY2009-10. The DA was awarded \$5,442,000 for the period of July 1, 2009 to June 30, 2010, which includes \$327,000 in FY2008-09 carryover funds. The FY 2009-10 Final Adopted Budget included \$4,170,000. An appropriation adjustment for the difference of \$1,272,000 is needed in order to align the District Attorney's budget with the full amount awarded to the program.

The objective of the DA's AIF Program is to enhance its efforts in the identification, investigation, and prosecution of major auto insurance fraud rings, syndicates, gangs, and organizations in Los Angeles County. Perpetrators include unscrupulous doctors, chiropractors, lawyers, and others engaged in organized automobile insurance fraud.

Board approval is required to accept grant funds and the CDI requires an approved resolution as part of the GAA. The attached resolution has been approved as to form by County Counsel and adoption of the resolution will satisfy County and State requirements.

Implementation of Strategic Plan Goals

Approval of the recommended actions is consistent with the Los Angeles County's Strategic Plan Goal No. 1, Operational Effectiveness, to maximize the effectiveness of the County's processes, structure, and operations to support timely delivery of customer-oriented and efficient public services; and Strategic Plan Goal No. 5, Public Safety, to ensure that the committed efforts of the public safety partners continue to maintain and improve the safety and security of the people of Los Angeles County.

FISCAL IMPACT/FINANCING

The total grant funding to the AIF Program for FY 2009-10 is \$5,442,000. The amount represents the FY 2009-10 grant award of \$5,115,000 and \$327,000 in approved carryover funding from FY 2008-09. There is no Net County Cost associated with this program.

The \$1,272,000 appropriation adjustment is the difference between the AIF grant award amount of \$5,442,000 and the \$4,170,000 that was included in the District Attorney's FY 2009-10 Final Adopted Budget. Approval of the appropriation adjustment will allocate additional funding of \$945,000 and \$327,000 for Salary and Employee Benefits and Services and Supplies, respectively.

In light of the State's budget situation, if funding for this program were to be terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the provisions of §1872.8 of the California Insurance Code, the CDI is authorized to award and distribute certain funds to District Attorneys submitting plans approved by the Fraud Division for the increased investigation and prosecution of fraudulent automobile insurance claims. The DA has been awarded funding for the AIF Program for the past sixteen years.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This program does not propose attorney staff augmentation. Therefore, the DA is not subject to the Board motion of December 15, 1998, requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

CONCLUSION

Following Board approval, the Executive Officer-Clerk of the Board is requested to return two (2) copies of the adopted Board Letter, and two (2) copies of the executed Resolution to Ms. Emily Aidells, District Attorney's Office, 201 N. Figueroa Street, Suite 1300, Los Angeles, California 90012. Any questions may be directed to Ms. Aidells at (213) 202-7674.

Respectfully submitted,


STEVE COOLEY

District Attorney

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Attachments

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors

1 **BOARD OF SUPERVISORS**
2 **COUNTY OF LOS ANGELES**
3 **RESOLUTION**

4 Authorization to Accept a Grant Award from the
5 State of California, Department of Insurance
6 Pursuant to California Insurance Code
7 Chapter 12, commencing with §1871, et seq.

8 **WHEREAS**, the provisions of §1872.8 of the California
9 Insurance Code authorize the State of California, Department of Insurance to
10 award and distribute certain funds to District Attorneys submitting plans
11 approved by the Fraud Division for the increased investigation and
12 prosecution of fraudulent automobile insurance claims; and the District
13 Attorney is charged with providing prosecution of all felony offenses
14 committed within this County; and

15 **WHEREAS**, the County of Los Angeles, acting through its Board of
16 Supervisors, desires to combat automobile insurance fraud by undertaking a
17 certain project designated the "Automobile Insurance Fraud Program" by the
18 District Attorney, to be funded through funds made available by the Insurance
19 Fraud Prevention Act as provided for pursuant to California Insurance Code
20 §1872.8, administered by the State of California, Department of Insurance; and

21 **WHEREAS**, the State of California, Department of Insurance
22 approved the fraud reduction plan submitted by the Los Angeles County District
23 Attorney's Office for FY 2009-2010, for the Automobile Insurance Fraud Program
24 for this specific task.

25 **NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors
26 of the County of Los Angeles hereby authorizes and approves acceptance of grant
funds from the State of California, Department of Insurance, to be used

Los Angeles County Chief Executive Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description

Auto Insurance Fraud Program

The objective of this program is to enhance prosecutorial efforts and criminal investigations of major auto insurance fraud rings, syndicates, gangs, and organizations in Los Angeles County. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (CDI) to identify, investigate and prosecute organized automobile insurance fraud rings (staged accidents, cappers, etc.). Perpetrators also include unscrupulous doctors, chiropractors, lawyers and others who profit from fraudulent automobile insurance claims.

Funding Agency

California Department of Insurance

Program (Fed. Grant # /State Bill or Code #)

California Insurance Code § 1872.8

Grant Acceptance Deadline

Total Amount of Grant Funding: \$5,442,000

Grant Period: FY 2009-2010 **Begin Date:** July 1, 2009

Number of Personnel Hired Under This Grant: 34

County Match: \$0

End Date: June 30, 2010

Full Time: 30 **Part Time:** 4

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

b). Identify other revenue sources Yes ☐ No ☒
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature _____



Date 12/23/09

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF DISTRICT ATTORNEY'S OFFICE

DEPT'S.
NO. 370

December 8, 2009

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2009-2010

4 - VOTES

SOURCES

District Attorney
A01 - DA - 88 - 8831 - 14030
State - Other \$1,272,000
Increase Revenue

SOURCES TOTAL: \$ 1,272,000

USES

District Attorney
A01 - DA - 1000 - 14030
Salaries & Employee Benefits \$945,000
Increase Appropriation

District Attorney
A01 - DA - 2000 - 14030
Services & Supplies \$327,000
Increase Appropriation

USES TOTAL: \$ 1,272,000

JUSTIFICATION

This Budget Adjustment allocates the unbudgeted revenue from the State of California, Department of Insurance for the Automobile Insurance Fraud (AIF) Program. The additional appropriation is necessary in order to successfully implement the program.


 AUTHORIZED SIGNATURE Norbert Ruiz

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

Karen Shukuma
Dec 29 20 09

B.A. NO. 075

☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

Sheil Wild
December 29 20 09

SEND 6 COPIES TO THE AUDITOR-CONTROLLER